



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
JULY 29, 2004

CONTACT: U.S. ATTORNEY'S OFFICE  
HERBERT HADAD, MEGAN GAFFNEY  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

DEPARTMENT OF HOMELAND  
SECURITY: IMMIGRATION AND  
CUSTOMS ENFORCEMENT  
MARC RAIMOND  
(646) 313-2715

INTERNAL REVENUE SERVICE  
JOSEPH FOY  
(212) 436-1032

JEWELRY DISTRICT GOLD AND DIAMOND DEALER  
CONVICTED OF MONEY LAUNDERING

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, MARTIN FICKE, the Special Agent in Charge of the Department of Homeland Security, United States Immigration and Customs Enforcement ("ICE") in New York and MICHAEL J. THOMAS, the Special Agent in Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID") announced that a jury Tuesday night found ROMAN NEKTALOV, a jewelry district gold and diamond dealer, guilty of money laundering following a two-week trial in Manhattan federal court before United States District Judge PETER K. LEISURE.

The prosecution of NEKTALOV was part of "Operation Meltdown," an undercover investigation targeting narcotics money laundering activities in the 47<sup>th</sup> Street jewelry district in Manhattan.

"Operation Meltdown" targeted a money laundering method commonly used by Colombian drug traffickers. Under this method, drug traffickers and money brokers who provide laundering services to the drug traffickers employ couriers to pick up cash at designated locations and deliver the cash to gold jewelers and suppliers. The jewelers or suppliers then exchange the cash for gold, diamonds or other precious commodities, which are then smuggled to Colombia, either via couriers or secreted in cargo. Once the gold arrives in Colombia, it is sold for Colombian pesos, which are then ultimately delivered to the narcotics traffickers.

The evidence at trial showed that in June 2003, NEKTALOV, the owner of Roman Jewelers, a store located on 47<sup>th</sup> Street in Manhattan's "diamond district," participated in a scheme to launder monies he believed were narcotics proceeds. In particular, at trial, the Government presented testimony and audiotape recordings of meetings in which a cooperating witness ("CW"), an undercover law enforcement agent ("UC") known as "Angel," and ROMAN NEKTALOV discussed NEKTALOV's selling diamonds to the UC in exchange for cash believed by NEKTALOV to be drug money.

The evidence at trial showed that the CW, who had purchased gold for years from ROMAN NEKTALOV, and the UC posed as individuals working on behalf of Colombian narcotics traffickers and that they told ROMAN NEKTALOV and his son EDUARD NEKTALOV that the "Colombians" wanted to buy gold and diamonds with small bills from the "street," and to smuggle the gold and diamonds to Colombia using "mules." The evidence showed that at meetings at Roman Jewelers in May and June 2003, ROMAN NEKTALOV and EDUARD NEKTALOV discussed the sale of approximately \$500,000 worth of diamonds to the CW and the UC. During one of the recorded meetings, ROMAN NEKTALOV stated that the decision of the Colombians to purchase diamonds instead of kilogram bags of gold was "very smart."

The evidence at trial showed that on June 4, 2003, ROMAN NEKTALOV and EDUARD NEKTALOV met with the CW and the UC at Roman Jewelers to exchange a large number of diamonds for \$500,000 in cash. After the diamonds were placed on a table in a back room where the transaction was to take place, federal agents entered Roman Jewelers and arrested the NEKTALOVs, seizing the diamonds.

ROMAN NEKTALOV faces a maximum sentence of 20 years' imprisonment and a maximum fine of \$250,000 for his conviction on one count of money laundering. The jury acquitted NEKTALOV on

one count of conspiracy and three other counts of money laundering.

NEKTALOV, 74, is a resident Forest Hills, New York.

Mr. KELLEY praised the efforts of the Department of Homeland Security and the Internal Revenue Service for their work in this case.

Assistant United States Attorneys BRET R. WILLIAMS and LISA G. HORWITZ are in charge of the prosecution.

04-167

###